

**STATEMENT OF WALTER B.D. HICKEY, JR.
Chairman, Hickey-Freeman Co., Inc. &
President, Tailored Clothing Association**

Before

THE INTERNATIONAL TRADE COMMISSION

March 25, 2004

Mr. Chairman and Members of the Commission, my name is Duffy Hickey. I am Chairman of Hickey-Freeman, a manufacturer of men's and boys' worsted wool suits, sport coats and trousers. Hickey-Freeman is headquartered in Rochester, New York. Our company has manufactured tailored clothing here in the United States at our Rochester plant since 1899. Hickey-Freeman is an operating subsidiary of Hartmarx, the largest publicly traded men's apparel company. I am also President of the Tailored Clothing Association (TCA), a trade association of tailored clothing manufacturers formed for the purpose of reversing government trade policies that have severely injured our industry.

The tailored clothing industry has waged a long and difficult battle in Washington seeking to reverse a trade policy that has forced many of our former competitors to go out of business, move offshore or to Canada, or to significantly reduce their production.

- It has been a trade policy that includes a tariff inversion – a higher duty on imported fabrics than on finished suits.
- It is a trade policy that, on one hand, recognized the lack of sufficient North American fabric production and accorded duty-free treatment to suits imported from Canada, while on the other hand maintaining fabric duties as high as 30% on the fabrics we needed to import.
- It is a trade policy that basically levied an enormous penalty tax on manufacturers who wanted to stay here in the United States and produce suits, trousers, and sport coats.

Today, after a bruising battle between our industry and the textile industry, we have in place a duty relief program that has helped to stop the hemorrhaging of jobs in our industry. It is a successful federal program that does not rely on protectionist policies. The success of this program can be empirically demonstrated:

- In the first ten years after the Canadian Free Trade agreement was signed our industry lost half its jobs and half its production.
- Since Congress enacted relief in 2000 we lost only one major suit manufacturer.
- Since Congress enacted relief in 2000 a major retail chain has returned some its production back to the United States.

- Recent Commerce Department data shows that for the first nine months' of 2003 domestic production of tailored wool suits, the most important segment of our industry's production, was up almost 20% over the same period in 2002.
- You will hear today other success stories resulting from our current trade policy.

But the current duty relief program is set to expire at the end of 2005. And it needs to be extended now, not later. Because we source our fabrics many months in advance of delivery and production, we will be unable to know whether we will again be paying 25% duty on fabrics that we must order by the end of the first quarter of 2005. The lack of certainty will, without doubt, cost our industry additional jobs.

Our industry along with the union that represents our workers, the textile industry, and the sheep industry have worked over the prior number of months to develop a proposal to extend and modify the current wool duty relief program. We have decided to work together in a common effort to strengthen each of our industries. Today, we are seeking an extension and modifications to the program that offers an opportunity for our domestic suppliers to strengthen their ability to manufacture fabrics, and an opportunity for us, as their customers, to be more viable. We are in agreement that our pre-2000 trade policies that caused such significant damage to both industries should not be allowed to again become effective.

If our government is serious about wanting to save manufacturing jobs there is no excuse for not quickly enacting the extension and modifications that we are seeking. In many ways the struggle of our two industries is a test. When domestic suppliers and their customers come together and seek not protectionism, but merely a level playing field, a chance to compete, will our government respond to save manufacturing jobs?

Mr. Chairman and Commissioners, we appreciate your focus on our industry. I especially want to thank you and your staff for helping set the stage, through your annual reports and hearings, for the agreement reached between the industries. We urge you to report to the U.S. Trade Representative that the wool duty relief program is working, that it can be enhanced to help all sectors, and that USTR has a window of opportunity to help the industries by supporting the modifications and extension of this program.